

Teachers' Retirement System
Quarterly Investment Information Update
March 31, 2016

TRS invests the members' funds in several diverse classes of assets, including equities, bonds, real estate, and alternative investments. This diversification helps us earn the highest possible long-term rate of return within appropriate risk levels. In turn, this enables us to pay guaranteed benefits to members and their beneficiaries at the lowest possible cost to participating employers and the taxpayers that fund them.

Generally, our liabilities will not be paid for as many as 30-40 years. Therefore, as a long-term investor, our holdings can withstand some short-term volatility. The System's long-term investment objective is to achieve an annualized rate of return of 7.5%. For the twenty year period ended March 31, 2016 the System's annualized return was 6.9%.

The TRS Board of Trustees regularly reviews asset allocations and adjusts them as necessary. The System's current asset allocation as of March 31, 2016 is reflected in the following schedule:

| Asset Class | Percent of Assets in Category |
|-------------------------------------|--------------------------------------|
| Domestic and International Equities | 62.6 |
| Fixed Income | 17.4 |
| Additional Categories | 7.7 |
| Alternative Investments | 5.5 |
| Real Estate | 5.5 |
| Cash Equivalents | 1.3 |
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TRS updates this information regularly after the end of each quarter.